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RUEHJI/AMCONSUL JEDDAH PRIORITY 2363
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STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XOX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

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E.O. 12958: N/A
TAGS: [OPRC](#) [KMDR](#) [IS](#)

SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

The key story during the weekend was a suggestion made by U.S. Special Envoy Senator Mitchell during an interview with PBS-TV on January 6 that the U.S. might withhold loan guarantees if Israel doesn't make sufficient concessions in negotiations with the Palestinians. The media reported that later U.S. administration

officials said that Mitchell did not threaten Israel. The media reported that yesterday leading U.S. senators visiting Israel -- Joe Lieberman and John McCain -- were critical of such a move, which they said would not win enough support to go into effect. The media reported that officials in the Prime Minister's Bureau protested Mitchell's statements and asked the White House for clarifications. While PM Benjamin Netanyahu refrained from personally relating to Mitchell's comments, Finance Minister Yuval Steinitz said that Israel does not need loan guarantees.

Israel Radio reported that Hamas and Islamic Jihad condemned yesterday's IAF raids in which three Islamic Jihad militants were killed. The attack was the latest in a series of rocket launches and IAF counterattacks. The media reported that yesterday PM Benjamin Netanyahu told the cabinet that Israel will continue to react swiftly to the firing of rockets. The Jerusalem Post quoted Israeli defense officials as saying that the IDF is prepared for the possibility that in a future conflict with Hamas it will be ordered by the Government to take over the Philadelphi corridor in southern Gaza, which is lined with hundreds of weapons smuggling tunnels. Leading media believe that the quiet along the Gaza border is in danger.

Leading media reported that yesterday Netanyahu reiterated his refusal to release Qsymbols of terrorQ in the Gilad Shalit deal.

Leading media reported that PM Netanyahu has instructed to erect a two-section 100 km.-long fence -- from Rafah southwards and from Eilat northwards -- along the border with Egypt. Israel Radio quoted Egyptian officials as saying that they have not been informed about the plan, which they said is a domestic Israeli concern. According to Yediot, Netanyahu also announced that he intends to surround the entire country with fences.

Yesterday HaQaretz reported that the Israeli firm ICTS International (not to be confused with ICTS Europe, which is a different company), and two of its subsidiaries are at the crux of an international investigation in recent days, as experts try to pinpoint the reasons for the security failure that enabled Umar Farouk Abdulmutalib to board Northwest flight 253 and attempt to set alight explosives hidden in his underwear. A HaQaretz investigation has found that the security officers and their supervisor should have suspected the passenger, even without having early intelligence available to them.

Yesterday HaQaretz quoted senior officials in the Obama administration and Israel as saying that the Bush administration violated security related agreements with Israel in which the U.S. promised to preserve the IDF's qualitative edge over Arab armies. DM Ehud Barak traveled to the U.S. in September for a rushed meeting in which it was agreed that the two allies would discuss how to resolve the problems regarding this issue. HaQaretz reported that U.S. National Security Advisor General James Jones is scheduled to arrive in Israel on Tuesday for what is likely to be talks on the issue of the IDF's qualitative edge as well as the resumption of Israeli-Palestinian peace talks.

Yesterday leading media reported that, as Arab Knesset members accuse Israel of war crimes, Hadash Chairman MK Mohammed Barakeh announced that he would join the Knesset delegation which is to visit Auschwitz to mark International Holocaust Remembrance Day, in two weeks time.

Yediot and Makor Rishon-Hatzofe cited reports by Jewish organizations that Iraq is trying to erase Jewish symbols from the tomb of Prophet Ezekiel and turn it into a mosque.

Mideast:

Block Quotes:

1I. QItQs Not Us, ItQs Him

Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning HaQaretz (1/10): QIn Israel, people became accustomed

to the fact that there is no chemistry between Obama and Prime Minister Benjamin Netanyahu, and blamed the strained relations on Israel's bad behavior -- namely its continued construction in the territories and Jewish settlement in East Jerusalem. But there is no chemistry between Obama and other leaders, either. We have not heard about some beautiful friendship of Obama's with any Arab leader. He does not prefer Palestinian Authority President Mahmoud Abbas to Netanyahu, and does not pal around with Egyptian President Hosni Mubarak or the King of Saudi Arabia. The Obama administration is treating the QmoderateQ Arab states to big arms sales, not personal friendships. Where are the close ties Tony Blair maintained with Bill Clinton and Bush? When have we seen Obama socializing with Brown, Sarkozy or any leader from Asia or Latin America?.... Obama traveled more widely abroad than any other first-year president, but it seemed to be more to stick a pin on a map than to forge friendships. He stayed behind the teleprompter, a talented and remote speaker who struggles with personal give-and-takes.... [Leaders] who believe in dialogue, like Obama, have to work on their emotional and social intelligence if they want results.

II. QFinancing America

Chief Economic Editor and senior columnist Sever Plotker wrote in the mass-circulation, pluralist Yediot Aharonot (1/11): QAnyone still making mention of QAmerican economic pressure on Israel by means of the guaranteesQ is completely cut off from reality. Israel is now helping the U.S. finance its own deficits and not the other way around. True, the U.S. administration has the right to deduct from the left-over guarantees all investments in the settlements. This is of absolutely no economic significance: as far as Israel sees it, raising capital from overseas is not something presently on the agenda. What is on the agenda, rather, is finding a means to prevent foreign capital from entering the country.

III. QEnd the Blockade

The independent, left-leaning Ha'aretz editorialized (1/11): QIsrael has an interest in stopping escalation at the border so as not to find itself caught up in another belligerent confrontation with Hamas. Netanyahu's threats have not attained this goal. Like his predecessor, he risks placing his imprimatur on public commitments that will only push Israel toward another military operation to Qstrengthen deterrenceQ and Qteach Hamas a lesson.Q The time has come to rethink Israeli strategy in Gaza. The economic embargo, which has brought severe distress to the inhabitants of Gaza, has not brought down Hamas, nor has it freed kidnapped soldier Gilad Shalit. The siege has only damaged Israel's image and led to accusations that it has shirked its humanitarian responsibilities in Gaza under international law. Instead of erring by invoking the default solution of more force, which does not create long-term security or ease the distress of the Palestinians in Gaza, the crossings between Israel and Gaza should be opened and indirect assistance rendered to rebuild its ruins. The same logic that dictates the Government's actions in the West Bank -- creating an economic incentive to prevent terror -- can and must work in Gaza as well.

IV. QA Gold Mine for Understanding AmericaQs Middle East Policy

The Director of the Interdisciplinary Center's Global Research in International Affairs Center, columnist Barry Rubin, wrote in the conservative, independent Jerusalem Post (1/11) : Q[One of the things Hillary] Clinton said [at a press conference with the Qatari Prime Minister on January 4] is more disturbing [than her unwarranted praise of Qatar] and has become an Obama administration talking point. She said the Palestinians QdeserveQ a state. In this approach, having a state isn't something earned by ending terrorism and incitement, truly accepting Israel's existence, providing strong security guarantees, and resettling refugees in your own country. According to the U.S. Government, Palestinian statehood is an entitlement, a prize they get no matter how they behave. So why shouldn't the Palestinians demand they get everything and give nothing? The world owes them a state. By such policies the Obama administration undermines its own leverage on the issue. One more nail in the already studded coffin of the peace process.

IV. QBarakQs Time

Senior op-ed writer Akiva Eldar commented in the independent, left-leaning Ha'aretz (1/11): QBarak is proud of the fact that at Camp David he revealed QArarat's true face.Q The time has come for him to reveal Netanyahu's true face. If the Prime Minister intends to reach a permanent status agreement, let him assure Abbas that he will delay the tenders for expanded construction in East Jerusalem until negotiations are over. If we are dealing the old Netanyahu, who built neighborhoods in East Jerusalem to undermine Oslo, Barak has no business being in a right-wing government. What does he have to lose? He has already been prime minister, and he will not be again. At least he will not go down in Israeli history as the undertaker of the party that established the state.

VI. QUnderstanding Netanyahu

Political commentator Shalom Yerushalmi wrote in the popular, pluralist Maariv (1/11): QIf I were a settler, I would be slightly concerned [about NetanyahuQs intentions]. Not because of the assessments that both can serve and embarrass the two sides, right and left, but because of NetanyahuQs nuances. In his latest conversations, he made use of statistics about the percentage of the settlements in the territory (9.3 percent of the total area of the West Bank, including East Jerusalem) and about the percentage of the settlers in the population (5.5 of the total Jewish population in Israel). These are precisely the statistics that are of interest to a prime minister who wishes to reach a historic democratic decision (or not).

VII. QHamassQ Situation Is Worse than Ever

Professor Eyal Zisser, the Chairman of the Department of Middle Eastern History at Tel Aviv University, wrote in the independent Israel Hayom (1/10): QA year has passed since Operation Cast Lead, and HamassQs situation has never been worse. The Hamas leadership hasnQt concealed the pressure it is feeling, which is the direct result of Gaza having become a giant pressure cooker by virtue of the effective siege that Israel has imposed on it. All of HamassQs hopes for international pressure that might force Israel to lift the siege were in vain and, that being the case, it is now directing its fire in the direction of Egypt in hope that it might succumb to pressure and open wide its gates to Gaza. But Egypt has firmly stood its ground to defend its own national interests, and is not prepared to place its fate and the reigning stability at risk in HamassQs hands.... However, facing off against Hamas is Egyptian President Hosni Mubarak, who has taken a determined and firm stance that reflects precisely what he is -- a veteran and seasoned leader who knows what he wants. That said, neither party has an interest in an open conflict, and it is reasonable to assume that now that Egypt has made clear to Hamas what its red lines are, Hamas will retreat and seek to renew dialogue with Cairo. It will do so not out of love for Egypt, but because it is in its existential interest to do so. That way, Egypt will revert to serving as a mediator between Hamas and the Palestinian Authority and between Hamas and Israel on the Gilad Shalit issue. That said, the recent events demonstrate the limits of EgyptQs influence over Hamas and, as such, Egypt will not be the one that will be able to deliver the goods on Gilad Shalit or anything else. It will be the Hamas leaders who will decide, in keeping with their own interests. EgyptQs ability to influence those decisions is minimal at best, and all the more so in light of the turn of events between Cairo and Gaza in the course of this past week.

CUNNINGHAM